

VZCZCXRO9383
PP RUEHROV
DE RUEHJM #1170 1851348
ZNY CCCCC ZZH
P 031348Z JUL 08
FM AMCONSUL JERUSALEM
TO RUEHC/SECSTATE WASHDC PRIORITY 2003
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
RHEHNSC/WHITE HOUSE NSC PRIORITY

C O N F I D E N T I A L JERUSALEM 001170

SIPDIS

NEA FOR FRONT OFFICE. NSC FOR ABRAMS/SINGH/PASCUAL

E.O. 12958: DECL: 07/03/2018
TAGS: [KWBG](#) [PGOV](#) [PREL](#) [PTER](#) [PHUM](#) [KPAL](#) [IS](#)
SUBJECT: GOI CLOSES PALESTINIAN HOUSING COUNCIL IN EAST
JERUSALEM

REF: A. JERUSALEM 00316
[B](#). JERUSALEM 00172

Classified By: Consul General Jake Walles, per reasons 1.4 (b) and (d)

[1](#). (C) Summary. The Chairman of the Board of the East Jerusalem-based Palestinian Housing Council (PHC) told PolOff that the Israeli Minister of Public Security closed the PHC July 2, claiming that it is a Palestinian Authority (PA) agency illegally operating inside Jerusalem. He said the PHC is a legally registered non-profit organization under Israeli law and is in no way affiliated with the PA. He said the closure is a political move and the PHC will fight the closure in Israeli courts. End Summary.

GOI CLOSES PALESTINIAN LENDING INSTITUTION

[2](#). (C) The Israeli Ministry of the Interior posted an order (signed by Minister of Public Security Avi Dichter and dated June 30, 2008) closing the Palestinian Housing Council (PHC) in East Jerusalem July 2. The order forbids the PHC or its employees from operating in Israel or Jerusalem and states that the PHC is "an agency of the Palestinian Authority inside the State of Israel," which violates the Interim Agreement.

PHC: INDEPENDENT OF THE PA;
CLOSURE IS POLITICAL

[3](#). (C) PHC Chairman Ibrahim Shaaban told PolOff July 3 that the PHC has been a legally registered not-for-profit organization under Israeli law since 1991, predating the Interim Agreement and the establishment of the PA. He said the PHC has worked to keep a distance from the PA. It has no organizational or financial ties to the PA and is legally and financially separate from housing associations in the Palestinian territories, although it sometimes cooperates with such associations. Shaaban added that the PHC abides by Israeli law and has Israeli auditors. (Note: Shaaban provided PolOff with a copy of the PHC's 1991 certificate of registration and a copy of the recent closure order. End note.)

[4](#). (C) The closure of the PHC came as a surprise to its Board of Directors, Shaaban said. He told PolOff that the PHC intends to fight the closure in Israeli courts and said he is convinced the MoI has no evidence against the PHC. He said the closure of the PHC is a political move intended to disenfranchise Palestinians in Jerusalem and related to other Israeli activities against Palestinian institutions in East Jerusalem.

PHC: LENDING TO PROMOTE SELF-SUFFICIENCY

¶5. (C) According to Shaaban, the PHC is a low interest housing lender whose goal is to reduce the difficulties associated with construction in East Jerusalem and encourage East Jerusalemites to become economically self-sufficient. He said the PHC offers roughly 1.5% interest rates on loans of around \$45,000. Clients must prove they have Municipal permits for construction before receiving a loan, Shaaban said. Because the interest rate is low, he said, the PHC counts on donor funding to sustain its activities. USAID reported no record of having funded the PHC.

COMMENT

¶6. (C) Closing the PHC appears inconsistent with the GoI's Roadmap obligation to reopen Palestinian institutions in East Jerusalem. The GoI renewed closure orders against eight Palestinian institutions in February (Ref A), and closed the Social Forum Organization in Sur Baher that same month.

WALLES